

AMERICAN MANAGEMENT ASSOCIATION
BOARD OF DIRECTORS

The
**MANAGEMENT
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The MANAGEMENT REVIEW

December, 1931

The Sales Process

By RICHARD WHITCOMB, *General Sales Manager,
New England Telephone and Telegraph Company*

THE essence of sales management is the ability to train salesmen to sell. Other functions may be well performed—routing, expense control, sales aids, quotas, and so on. But if, when the contact takes place, the salesman fails to sell, the rest might as well have been omitted.

That is a different matter from the salesman not getting any orders. Any salesman, even in a period of depression, will, if he interviews prospects, receive some orders. The spirit of compassion will move some people; others will have been on the verge of telephoning an order. In so-called good times, some concerns keep their plants going with that type of salesman. But in hard times, or what perhaps should be called normal times, the salesman's performance must be of a higher quality. He must sell. Nine-tenths of sales management is enabling him to do just that. A large part of that task, in turn, is concerned with fitting the salesman for the few minutes he spends in the presence of the customer, or in talking to him over the telephone.

The Initial Contact

A simple test will show the effectiveness of the average salesman. Tell him to go through a contact, someone simulating the prospect. The true test case, of course, is the initial contact. The prospect must be assumed to be a stranger. After an impressive failure, the average salesman will excuse himself by saying that on a real case it would be different; that he cannot do his best with an audience! That is on a par with the school boy who says he knows the answer to the question, but that he is unable to put it in words. If

The object of the publications of the American Management Association is to place before the members ideas which it is hoped may prove interesting and informative, but the Association does not stand sponsor for views expressed by authors in articles issued in or as its publications.

he cannot say it, he does not know it. The salesman whose simulated contact is a pathetic spectacle will represent his concern no better to his customers.

It does no good, however, to expand upon his shortcomings. His failure is the failure of the sales manager. That the blame, not for lack of sales but for the failure to know how to sell, will be placed on that individual's door step is possible, but not likely. Executive ignorance of sales technique can be camouflaged behind the screen of methods of salesmen's compensation. If the salesmen do not sell, the first recourse is to change personnel. The second is to change the method of payment. The third is to increase the force on some compensation scheme that appears to pay for no more work than is done, even though it really results in two vicious losses, spoiled prospects and a high personnel turnover.

Granting the importance of proper selection of personnel and fair compensation arrangements, these factors, in practice, are concerned with the will to sell. Because selling is largely an acquired capacity, and because the will to sell may speedily vanish before the inability to sell, attention must be directed toward what the salesman does during the contact, so that he will become accustomed to the analysis of each successive sales problem, the orderly arrangement of his material, and its presentation in accordance with the principles of successful persuasion.

What the sales trainer, or sales manager, tries to do is to develop an orderly approach to the technique of selling, so that the salesman, regardless of the differing character of each sales situation, can combine his knowledge of his product, his customer's need, and the sales process in such a way as to obtain an agreement to purchase as much as the original analysis indicated desirable. That is the secret of the little understood command teaching in the General Service Schools of the army. The staff there are not so much concerned with the solution to a problem, but they are interested in how the student reached his solution. If he follows the formula found in the Estimate of the Situation and applies known principles of war, his answer is as good as the next. If the salesman follows his selling formula and applies the principles of good business, or of good domestic control, or whatever affects the type of article or service he sells, his results will be uniformly good.*

Understanding the Sales Process

It is this selling formula or understanding of the sales process that is at the heart of sales training. Any book on selling will give some arrangement of the elements of the sale. But the sales trainer has the same problem that confronts the salesman. He must be able to present those elements and interpret them in such a way that, with a gradually diminishing amount of conscious effort, the salesman can apply them in his work, until finally he practices sound methods without being conscious of the process. The golf novice

* Price, style, etc., are assumed to be not unfavorable.

is painfully aware of his feet, his hands, the club, and a hundred other things. The expert sees only the ball. The salesman must follow this same path from novice to expert.

A convenient analysis of the sales process divides it into two general parts, each with appropriate subdivisions. These are:

Preparation

General Preparation

Of the customer

Of the salesman

Specific Preparation

Of the customer

Of the salesman

The Contact

Approach

Presentation

Close

It is easy to class as general preparation of the customer the average effect of magazine and newspaper advertising, as well as other general advertising coverage, such as the radio and billboards. Special preparation of the customer includes direct mail matter, appointments, etc.

General Preparation

The preparation of the salesman is more complex. His general preparation actually includes all of his experience, added to his racial inheritances, that combine to make him the individual he is as he enters his prospect's office. He was a different individual yesterday; he will be different tomorrow. At no other time will he be identically the same as when he enters the door for this particular contact. Much of what he is he will have had no control over. Yet for selling purposes, his control is sufficient, though it will be only as effective as the guidance he receives.

The general preparation of the salesman for the business of selling should include a knowledge of how his prospects get along without the thing he has to sell, and how they get along with it; that is, what it does for them. With many products and services this implies an extensive knowledge of how business is conducted. Disregarding the advantage of talking the prospect's language, simply for the sake of intelligibility; even disregarding the advantage of commanding his respect by an apparent knowledge of the things that good business men know; there is still the important advantage of being able to present his proposition in the light of common knowledge. A salesman sold a service in one instance because he proved an important saving. It was a toss-up between a private installation and one owned by the salesman's concern. He was dealing with the treasurer and the auditor, whose every instinct would be for a capital investment to avoid recurring charges. But he showed them their

carrying charges were higher than his service charges, because they willingly admitted that any capital investment they made first had to return a normal interest rate, and then, at least the going dividend rate of their company. A perfectly simple truth, but suppose the salesman had not known it!

The general preparation of the salesman, if he is to sell to business concerns, should include a knowledge of the principles upon which businesses of the type he is to sell operate, a knowledge ordinarily of transportation and communication, a familiarity with at least the terminology of accounting, a knowledge of the English language, and an understanding of the sales process. He should know his product and its uses.

Specific Preparation

The special preparation of the salesman includes all of the information he can gain as to a particular prospect, from which he develops his plan of campaign. If he is selling house-to-house he may get his information from a neighbor, or secure it, as much as he is able, as he enters the door. If his prospect is a large business, a day or two at the library, combined with many other sources of information, might not be too much.

At this point the work of the sales manager, whose aim is to train his salesmen so that each contact they have is a credit to him and has better than an average chance of resulting in a sale, really begins. He is not trying to give information. He is trying to make a way of doing something part of the day-to-day working equipment of the salesman. Any treatise on selling will say "The sales contact," and list at least the three elements of Approach, Presentation, and Close. Many will go further. But the salesman is no Cyrano de Bergerac, composing a ballade, as he fights, certain of his "Then as I end the refrain, thrust home." He does not say, "Now I approach; now I make the presentation; he looks wobbly, I'd better close." He does not, if for no other reason than that his mind has to be on his customer. It must be free of worry as to his own technique.

Meeting the Prospect

So the approach resolves itself into a way of looking at part of the job. The salesman might be instructed in this manner: "The approach is that part of the contact devoted to identification. The salesman states his name and the concern he represents, giving the purpose of his visit." That is what he does but if he thinks he is to do it the way that sounds, it is likely to be a mechanical operation. Rather, he might be given this way of looking at his problem. The word approach can be omitted entirely.

The first thing to do (the salesman can be told) is to be sure the prospect knows who you are. Even though his secretary may have told him, many people's memories for names are notoriously short. It is courteous to make sure that he is not embarrassed later by having to inquire as to who you are.

It is helpful to have him know. Even if your card has already been brought in, many people are ear- rather than eye-minded. It may help him to repeat. If your name is Clough, should he pronounce it Clough as in plough, or Clough as in cough, or Clough as in though. Besides, it helps his attention to get around to you. No matter what his attention is on, to attract it pleasantly to yourself is a way of getting it diverted to what you are there to talk about.

The next courteous thing (the salesman is also told) is to let him know why you are taking up his time. Not that you talk about time. Do not say, "I know you are busy," or "I just want a few minutes." He has let you in, and so concedes you a certain amount of time. But it is his and perhaps he would like to know why you want it. So the courteous thing is to tell him. But it is not enough just to tell him. He must be told so that he likes it. That does not mean beating around the bush. The life insurance salesman who says, "I am not here to sell you life insurance, Mr. Smith; I am only here to offer you a service," should be endowed like any other eleemosynary institution. And he will need to be. Rather, it means stating it in such a way that it sounds like good news to him. A service approach sometimes used is about as follows: "We review with each of our customers, or perhaps I should say, our larger customers, the new developments in our business. We try to do this twice a year. We find we have new things they can use, or other customers have developed new ways of using our regular products" and so on. Mr. Smith does not object to being classed as a larger customer, and it is a simple statement not subject to the objection of flattery.

Here the salesman sees a chance to bring in his pet time waster and sale destroyer. Many salesmen, and particularly new salesmen, feel about starting the contact as the average person does about a cold bath. It is something to be stayed out of. Any excuse will do. So the "putting the customer in a good frame of mind" story is taken off the shelf and dusted. Any salesman who has walked three times around his first prospect's place of business before going in to try to make his first sale knows what is really going on when the "good frame of mind" theory is advocated, if he will analyze his feelings. The salesman is afraid to get on the subject. There are exceptions, of course. Where negotiations may spread over weeks or months, there are sound reasons for getting acquainted. But even here, there is no law against talking business. The getting acquainted may not have to come first. And the salesman runs a chance when he diverts. The prospect may limit the time, privately, in advance. As soon as the acquaintance period has passed, he finds that no time is available for selling. The worst chance is that the salesman picks on some supposed hobby that is in fact distasteful; or a real hobby that for some reason or other has at the time unwelcome associations.

So the salesman is also told: It is a big temptation to "get acquainted" before starting the sale. While you must use your judgment, remember that

nobody was ever yet lost on a straight road. The customer may like you but not your stuff, because you have sold yourself and not your product. You can make a friend of a customer, but it is very difficult to make a customer of a friend. The smart thing to do is to make your sale first.

That is what the salesman may be told about the approach. The result of his following such a plan will be: he identifies himself, and states his purpose in such a way that it is acceptable to his prospect.

Presenting the Picture

Then the salesman can be instructed in the presentation.

Every salesman (the salesman would now be told) uses some sort of story. Some make it up as they go along. Others prepare it carefully in advance. The salesman who makes it up as he goes along clearly does not have so good a chance to polish it. The writer of a short story goes over it carefully. He changes this word, freshens up that idea, introduces a new simile; and that is what the careful salesman does with his story. He keeps working at it until it sounds real. All the salesman is doing, you might say, is painting pictures. The customer presents him with a blank wall and says, "Go ahead, paint something there. Maybe I'll like it." So the salesman begins. If he has practiced that picture, that is, if he has planned what he is going to say and rehearsed it many times, perhaps on other customers, the customer gives his attention to the picture because his attention is not drawn from the subject matter by the inexperience of the artist.

Perhaps (the salesman is told) the picture is smoothly drawn, but it is not appropriate. For example, it may be a simple pastoral scene, and this prospect likes action pictures of the old West. A Remington, with a hard riding messenger of the Pony Express, closely pursued by Indians, is his idea of art. Then the salesman must make a change. If more people like Western pictures than like pictures of grazing sheep, the salesman better have his picture of the cowboy always ready. But with this proviso: he develops a good judgment of people, and he recognizes a prospect who likes pastoral scenes. That may be the time to resurrect that picture from the folio and put it to work. That is another way of saying that the insurance salesman who uses the family appeal may run into the prospect to whom business coverage is the thing. He needs to change his pace accordingly. The cash register may be sold to one prospect because he thereby shows good business judgment in handling his money; the next sale may be because the proprietor's family look on him as a big business man and the register will help confirm that valued opinion. The picture must be broad enough so that the prospect will have an opportunity to recognize some interest in it for him.

This should make it clear (the salesman is told) that the salesman must constantly be aware of what is going on in the prospect's mind. Not that he can know exactly, but he can learn much from two or three sources. Cer-

tainly if the customer is inattentive, if he is restless, interest is lacking, for interest and attention go hand in hand. But he may appear to be attending when he is not. The way to find out is to get him to commit himself. Not on big things, but on little points, first one and then another. In that way the salesman can tell if they are going along together, his prospect and himself.

Then this has another advantage (the story continues). The idea is to get the customer to say "yes" to a final proposition. If the customer has said "no" from the beginning, he is likely to say "no" at the end. If he has said "yes" from the beginning, he is at least more likely to say "yes" at the end. So in this process of getting the customer to commit himself, the best idea is to get him to commit himself affirmatively.

In the painting of a sales picture, things must be made vivid. It must be done with words, and they must be accurate enough and forceful enough so that the picture loses nothing. But that does not mean they need always be quite specific. For example, in one contact where it was desired to make the inconvenience of leaving the kitchen when cooking seem real, several "word pictures" that were thought to be quite vivid were used. One was, "and after a while, you smell the unmistakable odor of burning cake;" another, "and you return to find what would have been a perfectly good dish ruined;" and so on. Pathetic though it may be, those word pictures were complete failures. One woman did not make a cake, and another was literal minded, and thought the "perfectly good dish" had been dropped and broken. When the general term was used, "it is inconvenient to have to leave the kitchen that way, just when you don't want to, isn't it, Mrs. Jones?" a multitude of various reasons was covered and the prospect obligingly filled in her own occasions, with the resulting much desired agreement with the salesman's general idea.

It is all right, for example, to talk generally about reducing waste in manufacturing. It is quite all right to give illustrations from other businesses. But so far as the prospect's own business is concerned, let him draw his own deadly parallels.

The Salesman Must Run the Contact

Not every proposition is agreed with (the salesman's mentor continues). Perhaps the customer disagrees with one. Or perhaps some specific objection to the product is raised. What is to be done then? If it could be said without being misunderstood, which of course is out of the question, the answer would be "nothing." "Nothing" in this sense: The salesman is the one who is telling the story. If the prospect is to guide the discussion, the salesman will never get his picture painted. The prospect advances this idea, and then that, until the salesman may complain, with justice and without a sale, "I did just what you told me. I turned right. Then I took the next right turn. Then I turned right again. And there I was back where I started."

The salesman must run that contact, if for no other reason than that he is

the only one who knows its destination. So if the prospect disagrees, the salesman finds something in that disagreement with which he can agree, or something near to it, and hops from that back to his original story. That is in case it is not a true objection to the product or proposal, but just a failure to agree, perhaps as to the premises they are to operate from. If the salesman is going to spend all his time on that one point, the overall picture will become obscured.

Meeting Objections

Then there are other types of objections: "It costs too much," "I can't afford it," and similar objections of that character; objections as to the product, "They don't use the right steel;" objections as to the time, "Business is bad," and "We are having a depression now." What is the salesman to do with those? The answer still holds good—nothing. At least nothing much. The real objection is easy to answer because it deals with an actual question of fact. Such might be an objection as to material. All that is necessary is to state, categorically, the facts of the case. "This is such and such a steel." So the objection has almost no attention. But here is a subtler objection. "I can't afford it now." The same rule holds. The objection is just as important as the man who makes it thinks it is. If the "can't afford it" is true, there is nothing the salesman can do about it, unless he hopes to get his prospect a new job, or bigger sales, or give him a donation, or do whatever the situation calls for. So why bother? Certainly the salesman does not know whether or not the prospect can in fact afford it. So he does what he did with the real objection. He passes it off as briefly as possible. He says, "Affording is just a matter of what you get for your money," or, "Perhaps this is the sort of thing where you decide whether you can afford not to have it." That is, he uses a formula, because the more time that is spent on that objection, the more important it will become. In the last analysis, the sale will be made on the ideas the salesman is presenting, rather than on the real or fancied objections of his prospect.

In place of all this discussion, the salesman could have been told that the presentation involves a narrative aimed to secure a succession of affirmative responses from the prospect, the result of a vivid portrayal of a condition or set of facts which the prospect recognizes as both true and applicable, the salesman guiding and keeping control of the interview, spending as limited a time as possible on objections to diminish their importance. It will more likely be part of his working equipment, however, if the story as told to him has more of the characteristics of the presentation he is expected to make to the customer.

The Close

The time to close (the salesman can learn next) is when the customer is ready to buy. To the beginner, that is a mystic moment, almost as unlikely

to be recognized as it is unlikely to arrive. He hears interesting stories about the closed hands of the prospect indicating unwillingness to buy; open hands indicating readiness. He hears about salesmen talking their prospects out of sales. So he is fortunate if his instruction is like this: If the customer has been checked with as to his continuing agreement, in a tactful way, during the presentation, the salesman knows just about how his prospect feels. He also knows when he has reached the point in his story where he suggests to the customer that he buy. If the indications are favorable, and he has reached the planned point, then that is the time to close, and the way to close is to ask the prospect to buy. The time to close is dependent more on the reaching of that point in the salesman's story than any other factor. But there is something the salesman can do about it to make sure. He can use a contained decision. In a sense, it is a way of saying to the customer, "If you were going to have this, would you want the blue or the red." Sometimes the "if you were" is implied. The danger in implying it is that the salesman is likely to say, "Do you want the blue or the red," and the customer to reply, "I don't want either," and that ends it. The advantage of the contained decision is that it is a trial balloon that can be sent up at any time, and if it is punctured, there is no great harm done.

Training—a Continuous Process

When the close is unsuccessful, the salesman can be taught one thing, that is, to review the parts of the story having the greatest appeal, apparently, to that prospect, either with the idea of giving him another chance to buy, or of leaving that resumé with him as a basis for the salesman's future operations, or both.

If this story of the contact lacks scientific complications, it is also true that the parables were simple narratives that sold. The purpose of a study of the sales contact is not to find out what happens, but to tell the new salesman, or the older salesman trying to improve his work, just what to do in order to sell, in such a way that it is natural to him to do it that way. As the process is made to appear technical, it loses its application.

The sales manager who concentrates on selling to his men a way of selling goods to customers has discharged his most important single function. He might even go so far as to let his secretary stick the colored pins into his favorite wall maps, or dust those already in, if the effort is less, and let the third assistant figure next year's quotas with a slide rule, so long as no quotas are for less than a ten per cent increase over this year's results. The job will still go along all right, provided that as soon as the training is completed, the training process is recommenced. Somehow they never seem to get the idea quite so well as was hoped.

THE MANAGEMENT INDEX

Abstracts and News Items

FINANCIAL MANAGEMENT

The Gold Exchange Standard

The abandonment of the gold standard by Great Britain and a number of other countries and the practical abandonment of the gold exchange standard raises a number of important questions, the most important of which is what standard will be adopted in the future restoration of the currencies of the world. A return to the gold standard as it operated before the war is, under present conditions, not only impractical but also infeasible because of the maldistribution of gold and because of the deflationary tendencies which such a step might have. On the other hand, the reintroduction of the gold exchange standard will encounter objections on the part of those banks which have suffered substantial losses from the depreciation of the pound. Whether a modification of the above standards or a new standard will be adopted is as yet impossible to foretell. In any event the measures which will be adopted in stabilizing the various currencies will have an important bearing on future business conditions throughout the world. *Business Conditions Weekly*, Alexander Hamilton Institute, Nov. 7, 1931, p. 1:2.

Budgeting for 1932—Lessons of 1931

A survey of the budget experience of such companies as General Electric, Atlantic Refining, National Cash Register, Leeds & Northrup, and Jewel Tea reveals two significant facts: 1. There is not an instance revealed in the survey in which budgeting has been discontinued; on the contrary, there is a marked extension of

budgets to additional functions in those companies that in the past had been partially budgeted; 2. There is a pronounced emphasis upon budgetary flexibility.

Generally, throughout the survey, there is apparent a definite trend away from historical accounting and toward the prospective. Special features of various plans are given. By F. M. Bellows. *System*, November, 1931, p. 297:4.

When a Business Man Turns Banker

The president and general manager of a business which made a profit in 1930 suddenly found himself appointed a director of a bank. With a background of manufacturing and selling he began to inquire into banking practices in various parts of the country and draws some very interesting comparisons. The old and eternal question of personnel which concerns all industry is a large part of the trouble with the banking business: Too many banks and too few bankers. By Charles S. Paull. *Nation's Business*, September, 1931, p. 39:4.

Budgetary Control as an Aid to Team Work

The system of control outlined not only sets for each Superintendent the goal to be aimed at in respect to the total operating expense figures, but it has also had the effect of developing that "money sense" in the Superintendent, and his assistants, which must thoroughly permeate an organization if it is to achieve real success. In a similar way it can be said that the system of charting and controlling the rate of

production flow through all sections of the organization has done much to develop a "time sense." Apart from the direct gain, this system of control is of tremendous value in stimulating the team spirit which is of primary importance, and secondly, in so far that it acts as a definite educational force, stimulating by means of a series of objectives, the interest of the whole executive team in some of the more important factors of managerial control. Behind it all there is the knowledge that the system is but a means of directing the whole team steadily along the path of improved service to customers. By A. P. Young. *Release of the Business Research and Management Association*, May 19, 1931, 16 pages.

The Next Time We Prosper

One way to plan the economic welfare of the country and maintain business health is to instruct the public in sound personal financial habits. Banks should undertake this task as a function commensurate with the acquisition of new business. By Rome C. Stephenson. *American Bankers Association Journal*, October, 1931, p. 195:4.

Distribution Cost Accounting

The methods employed by Eli Lilly Company in allocating such distribution expenses as salesmen's salary and expense, shipping expense and advertising expense are described in this article. In all of the described operations Eli Lilly has tried to base its distribution expense allocation upon mathematical and accounting facts, thereby eliminating guesswork in the matter. By C. F. Eveleigh and J. O. Waymire, *N. A. C. A. Bulletin*, September 1, 1931, Section 1, p. 1:16.

Net Profit Control for Paper Merchants

This manual for paper merchants sets forth a method of revealing and utilizing the hidden element of cost in the paper industry. It emphasizes the use of the dual cost factor made up of two parts—first, a percentage on the merchandise

cost and second, a per order charge. These two added together cover the entire overhead expense of each individual order.

Sections of the Manual deal with using the dual cost factor to determine selling expenses, regulating the buying policy by the dual cost factor, how to measure salesmen's results by the dual cost factor and compensation of salesmen. *National Paper Trade Association*, New York, N. Y., Revised, October, 1929. 23 pages.

If I Were a Bank President

In the second of a series of articles Mr. Porter tells what he would do about personnel, if he were a bank president.

Six elements in a personnel policy which he suggests are: 1. I would spread information about the bank among all employees; 2. I would foster education through A. I. B. courses, bank magazine subscriptions, and books; 3. I would keep health to the fore for all employees as well as myself; 4. Progress would be a requirement for all and could be encouraged by special awards; 5. Team work would be nurtured by frequent meetings; 6. I would develop customer consciousness in the entire staff of employees, officers, directors and stockholders. By R. E. Porter. *The Bankers Monthly*, October, 1931, p. 599:2.

The Need of Adjustable Budgets for Control of Business Operations

An essential requirement of a successful budget is that the budget be elastic so that it can be adapted to meet changing conditions as they arise. Having established the need of making the budget adjustable during the progress of a season, the next necessary step is to make the provision for such adjustments an integral part of the budget procedure. A device that is helpful in making budget adjustments is one that is often used in the preparation of incentive systems. This is the point system. The objection is sometimes raised that an adjustable bud-

get is a weak budget; that adjustments merely hide the very losses and inefficiencies that the original budget was designed to bring to light. As a matter of fact, a properly administered flexible budget is much stronger than a fixed budget. By Frederick J. Heinritz. *N. A. C. A. Bulletin*, September 1, 1931, Section II, p. 18:9.

A Contest Defies Depression

How one bank recently defied the general business depression and added over \$6,000,000 in new business to its books is the story of this article. The campaign for new business conducted by the Central Republic Bank and Trust Company of Chicago which made this record achievement went under the title of the "Vacation Contest." The contest was based on the "point" system—that is, certain points were arbitrarily determined as allowable on various types of business, depending on the individual character of each, such as trust, commercial, savings and so on. The methods which were employed in the contest are applicable in large or small degree to any bank, no matter what its size. By W. Irving Bullard. *The Burroughs Clearing House*, October, 1931, p. 10:3.

Effective Use of Cost Data

Accounting records and cost data are valuable and justify their existence and expense only in so far as they serve as tools of management to maintain and increase profits in the face of keenest competition and resulting forced price reductions. The keeping of records and the determination of cost is without question the function of an accounting department. The follow-up of these costs, or the effective use of such cost data must, however, necessarily fall to others, to men who are trained in engineering. In this bulletin the methods used by the Cost Reduction Engineers of the Minneapolis-Moline Power Implement Company are described in detail. The experiences of this company in cost reduction have demonstrated that for an industry in a competitive field there is

no activity on which the management can so profitably concentrate its energies as on cost reduction and control. By Stacy L. Angle. *N. A. C. A. Bulletin*, Oct. 1, 1931, Section I, p. 155:17.

Third Quarter Profits

Corporation reports that have been published during the past month covering the third quarter reflect the extremely unsatisfactory operating conditions that have been brought about by the prevailing low level of business activity combined with further decline of commodity prices. A tabulation of the statements of some two hundred companies, engaged in the major manufacturing industries and in retail trade, shows a decline in net profits, after all charges but before dividends, of 49.2 per cent from the same quarter in 1930. For the first nine months in 1931 there was a decline of 47 per cent from 1930. *Monthly Letter of the National City Bank of New York*, November, 1931, p. 173:3.

How a Jobbing Plant Keeps Accurate Costs on All Work

Keeping accurate costs on straight line production of repetitive work is one thing, but it is quite another to know costs and keep them accurately in a jobbing manufacturing plant where every piece of work differs somewhat from the others. The Mosher Steel & Machinery Co. has had a cost system functioning for thirty years, and it has been changed to keep pace with the times. The company operates machine shops, fabricating shops for structural steel, plates and concrete bars, a foundry, an ornamental iron shop and does erecting work, all of which requires an exact system, which the president explains in this article. By W. S. Mosher. *The Iron Age*, Oct. 15, 1931, p. 995:6.

Would Base Tariff on Living Standard

A new type of American tariff, under which foreign nations maintaining high standards of living will have a better chance to compete in this market, is advocated as a solution to our tariff difficul-

ties by Arthur L. Faubel, secretary of the American Tariff League, Inc., protectionist group, and Associate Professor of Economics at New York University. Mr. Faubel's plan calls for a radical change in the traditional tariff policy of this country and involves the substitution of multiple rate schedules for the present single rate tariff

now in effect. Under his proposal, three rates of duty, minimum, intermediate and maximum, would be applied by customs authorities. The standards of living in each foreign country would determine what duty would be levied on the goods shipped to the United States. *The New York Times*, Oct. 4, 1931, p. N 17.

Insurance

Preparation of Forms for Fire Insurance Policies

The text of all standard fire policies in general use includes many warranties and restrictions designed to limit the liability of the carrier issuing the policy. All of these conditions except two relieve the insurer of liability if they are violated by the policyholder at, or prior to, the time the loss occurs. Usually insurance companies will either waive or modify most of the warranties and restrictions incorporated in the printed policy if a request is made when the coverage is secured. All the insured need do, then, is to make sure that the necessary waivers or amendments are added to the policy in writing. Typical clauses relating to sole and unconditional ownership, fee simple ownership, chattel mortgages, notice of sale in foreclosure proceedings, alterations and repairs, and other insurance carried are cited together with deviations commonly allowed by underwriters. *Indemnity*, October, 1931, p. 25:8.

Is Insurance Overburdened with Bureaus?

Criticism is directed toward the elaborate structure of bureaus, rating organizations, commissions, etc., that have been built up in the insurance field. An agent or broker gains the impression in dealing with individual carriers that they rely entirely on bureaus to do their underwriting and formulate regulations which they themselves do not observe. The charge is made that frequently these bureaus are operated by men inexperienced in the writing of in-

surance and lacking in appreciation of all factors involved in evaluating a risk. Rates and rules are developed without sufficient attention to the needs of the buyer, who is becoming more proficient in determining his insurance needs, and if these requirements cannot be met is often willing to carry the risk himself. By Albert Dodge. *Spectator*, Oct. 22, 1931, p. 33:1.

An Analysis of American Plans for State Unemployment Insurance

Puzzling economic questions are raised by American attempts to draft laws for compulsory unemployment insurance that will serve the purposes both of relief and of an incentive for regularization. The bill proposed by the American Association for Labor Legislation and measures considered in Wisconsin, Ohio and Michigan are much alike in their benefit provisions but differ sharply in their contributory and incentive features. Two propose to collect from employers and workers; two from employers alone. Two propose differential rates for concerns of different degrees of regularity; another, "dividends" for unusually regular operation; and the fourth, complete separation of the accounts of individual employers. The measure which best fastens responsibility upon the individual concern does not seem to meet the tests of equitable relief, but the Ohio-Michigan proposals appear to suggest the basis of a workable compromise between the two purposes. By Carter Goodrich. *The American Economic Review*, September, 1931, p. 399:17.

OFFICE MANAGEMENT

Organization: Job Analysis, Employment, Pay, Tests

Salary Administration

Proper salary administration is a step forward in bringing order into a field long controlled by individual bargaining with its attendant ills, and in helping the employee receive the return which he has earned, and the company the service to which it is entitled. The three steps in the installation of a salary administration scheme are: 1. Job analysis and the making of job specifications; 2. Job classification; 3. Making of salary schedules, that is, setting minimum and maximum figures and step rates for each grade of the job classification. Each is considered in some detail, illustrated by figures. By Dorothy B. Goldsmith. *Proceedings of the National Office Management Association*, June, 1931, p. 65:11.

A Psychologist's View of the Selection-Training Problem

The three outstanding problems with which the successful office manager has to cope are: 1. The detection and measurement of individual differences with respect to varying requirements of job situation and the corresponding adjustments of personnel; 2. The recognition and control of conditions, both internal and external, which influence the workers' output and attitudes; 3. The teaching and training of both old and new employees for the duties which confront them. Each is considered, and the handicaps encountered are discussed. By Forrest A. Kingsbury. *Proceedings of the National Office Management Association*, June, 1931, p. 40:6.

The Modern Office

The success of the modern office in contrast with the old-fashioned office depends upon three fundamentals: Proper planning of work; personnel; and mechanization. Planning would include layout of work, routing and scheduling of work, etc. Under

personnel, emphasis is laid upon the fact that the maintenance of morale and the proper spirit of work among employees is more important than work procedure and machines. Under mechanization would be included all technical and mechanical means whereby hand-work might be eliminated or its efficiency increased such as through the use of typewriters, accounting machines and other mechanical devices. By Dr. Georg Brandl. *Technik und Wirtschaft*, September, 1931, p. 213:7.

Selling Centralized Service

Merely to reduce operating expenses is neither difficult nor, as a rule, desirable, but to simplify procedures, to reduce the time consumed in operation, to stimulate employees to turn out a better product, and at the same time reduce cost, should be the aim of every alert supervisor. This cannot usually be achieved by attempting to refine and improve the existing order of things; it can best be accomplished by intelligent questioning of things as they are, and constructive planning for things as they should be.

Setting standards of accomplishment, introducing measured service and payment by results, improving the quality of supervision and cooperating with dictators in raising the quality of dictation, are all channels through which the transcription supervisor can do her bit to help the organization weather the present troubled times. By H. A. Hopf. *Meeting of Transcription Supervisors' Association*, New York, Sept. 14, 1931.

Defined Duties of Management

In order that the duty of each member of the staff might be well defined one country bank, as it grew, found it desirable to compile a manual of instructions and procedure which was entitled "Practice and

Policy." The manual was not intended to be so rigid that it could not be altered as circumstances determined, but when there was a change of policy on any given matter, a new rule was written into the book to supersede that which had formerly been incorporated. The rules were the result of time and consideration by those concerned in the office management. This compilation was found particularly valuable when there was a change of employees. Some of the rules incorporated in the manual are reproduced in this article. By C. F. Hamsher. *The Burroughs Clearing House*, September, 1931, p. 18:3.

Taking the Starch Out of White-Collar Workers

From a recent study of the question it appears fairly evident that more "overall" workers than "white-collar" workers are suffering from this depression—and they are suffering more acutely. But the troubles

of the manual workers are apt to be temporary while many of the mental workers are quite likely to face more or less permanent difficulties.

The actual reductions in rate of pay of white-collar workers are probably more severe and more permanent than those suffered by the overall workers. On the other hand fewer white-collar workers seem to have lost their jobs, and few of those who have, according to one charity organization, are destitute. According to William Green, "Modern office machines have displaced office workers. It seems likely, however, that when business activity begins to increase larger office forces will be needed and there should be more opportunities for employment."

"Record keeping," he continues, "is playing a continually greater part in American industry and trade, and this requires a growing number of office workers." By Johnson Heywood. *World's Work*, September, 1931, p. 58:3.

Benefit Systems and Incentives: Pensions, Vacations, Profit Sharing, Wage Plans, Suggestions, Stock Ownership

Leeds & Northrup Employer-Employee Plan

The Leeds & Northrup Company (electrical and temperature measurement instruments) has unusual provisions in regard to the ownership and rights of shareholders, which aim to keep control in the hands of those who are experienced, competent and in full sympathy with the company's policies. The three classes of shares included in the plan are described by the

President: Employees' Shares, Converted Shares and Investment Shares. The Bonus Plan, the Cooperative Association, the Unemployment Benefit Fund, Sick Benefits, Life Insurance and Loans, Wage Policies are other features of the Leeds & Northrup Plan considered in this article, awarded first prize in the Forbes contest for the best employer-employee plan now in operation. By Morris E. Leeds. *Forbes*, Nov. 1, 1931, p. 12:3.

Administration: Regulations, Supplies, Communications

Tardiness in the Office

Examination of the experience of nearly 200 manufacturing concerns warrants the conclusion that: 1. Tardiness can be reduced by educational efforts; 2. Penalties, such as docking, arouse resentment and do

not always accomplish their purpose; 3. Offering a direct incentive for better attendance generally serves to improve attendance records; 4. The choice of incentive depends to a large extent upon conditions peculiar to the individual employment situation. *Industrial Relations*, September, 1931, p. 289:2.

Records: Forms, Charts, Cards, Files, Statistics**Check Your Office at These Points:
Filing and Correspondence**

The first of a series of articles lists a number of questions relative to correspondence and filing, designed to reveal weaknesses and possible improvements in these items. By Norman C. Firth. *System*, November, 1931, p. 304:2.

**How the Collection Letter Is Being
Handled Today**

The methods of such companies as Hewes & Potter, Russell Manufacturing Company, Murphy Varnish Company, and Geo. E. Keith Company are discussed. By E. B. Weiss. *Printers' Ink*, Oct. 22, 1931, p. 81:4.

This Month's Collection Letter

This unique example of good collection letter thinking makes use of the three words: character; capacity; capital—the three "c's" of credit. The collection letter is the contribution of Mr. Conway Bolstad, Assistant Treasurer of the Midwest Distributors, Inc. *Credit and Financial Management*, October, 1931, p. 32:1.

**Sales Follow-Up Record; Inventory
Record**

The Cincinnati Planer Co. uses tabulating equipment for these records. The card for the perpetual inventory of machines on hand has space for make and description of the machine, origin of machine, serial number, list number, location, cost, depreciation if any, additional costs after acquirement, deductions and the net inventory value. A file is kept of these cards by list numbers.

To ascertain the inventory value at any specific time the cards are simply removed from the file and the information indicating values, etc., added on the sorting and tabulating equipment. The ledger account number is indicated upon the card in writing and may also be punched into the card to facilitate balancing and proper accounting.

At the top of the sales follow-up card there are spaces for recording the dates of follow-up letters, literature, salesmen's calls, etc. Spaces are provided for punching the information needed to sort and tabulate the information. By Thomas B. Frank. *System*, November, 1931, p. 310:2.

PRODUCTION MANAGEMENT**Industrial Economics: Labor and Capital, Legislation, Wage Theory,
Immigration****Major Forces in World Business
Depression**

A view of the present business depression which brings out strikingly the close economic interdependence of nations. In addition to economic factors, the influence of purely political forces in the business depression is unusually marked. Internal and external political difficulties impede economic recovery.

The opening up to world trade of large areas thickly populated and rich in natural

resources, the people of which have a low standard of living and are producing little and consuming little, seems to be impeded mainly by the political and social unrest which makes the development of orderly economic life impossible.

While the present world outlook appears gloomy, the economic backwardness of many countries itself contains the promise of great future expansion. The opening up of undeveloped markets will give profitable employment to the funds of the capital ex-

porting nations and will increase the flow of world trade.

Generally unnoticed, a new industrial revolution is taking place, bringing with it a demand for a new industrial philosophy, for new methods of business conduct, and new types of business regulation. A great responsibility rests on business and political leaders in gauging accurately the direction of these forces and in preventing recurrence of such suffering as the Industrial Revolution of 150 years ago brought to the masses of the working people. The recovery of the world from the current business depression will depend to a large extent on the will to cooperate. International peace and good will, based on the realization of the fundamental economic interdependence of nations, are indispensable conditions for world prosperity. *National Industrial Conference Board, Inc., 1931.* 52 pages.

Out of the Depression—And After

A prophecy which looks beyond the present economic crisis to the "1940 collapse," the clash of communism and capitalism, and the future of mechanized civilization. Mr. Chase says that out of the depression we may secure, here in the United States, a National Planning Board. He considers the basis of national or economic planning as it might be initiated in this country. By Stuart Chase. 27 pages.

What Industrial Management Has Learned in the Last Two Years

The manager, Jones & Lamson Machine Co., analyzes the problems of business depression from the practical viewpoint of management. He emphasizes particularly the impossibility of an individualistic policy in an economic world in which each man's fortune is inextricably tied up with his neighbor's. Dividing the business cycle into four periods he indicates the particular kind of action with which to meet the contingencies of these four stages: 1. Depression—vision and imagination; 2. Recovery—courage; 3. Boom—sober judgment; 4. Col-

lapse—patience. He discusses the various problems that come up in the course of the business cycle: management policies; sales policies; personnel and wage policies; product research and development; maintenance and replacement of buildings, etc.; efficiency; expansion; and financial policies. By Ralph E. Flanders. *The Iron Age*, September 24, 1931, p. 803:6.

Human Relations in Industry

1. Foundations of the New Industrial Relations; 2. The Challenge of the Present Depression; 3. Meeting the Challenge of the Depression. Each is discussed from four different standpoints, namely: 1. Management; 2. Labor; 3. Social Forces; 4. Economic Leadership. *Addresses presented at the Fourteenth Annual Conference on Human Relations in Industry*, August, 1931. 72 pages.

The Separation of Ownership and Control in American Industry

By Gardiner C. Means. *Quarterly Journal of Economics*, November, 1931, p. 68:33.

Progress in Industrial Relations

In meeting the exacting professional standards prescribed by the conditions of present-day industry, industrial relations men need a broader and more intimate understanding of industry than some of them have had in the past. The rapid progress made by personnel management between the depressions of 1921 and 1930 toward becoming a genuine profession, should be continued. The labor manager will have no easy task to keep ahead of these professional requirements in the immediate future. An ever increasing application of science and research to the human problems of industry, however, will be an aid to him. The help which the personnel administrator is receiving in increasing measure from executive management, moreover, is one of the strongest assurances of the continuity and growing usefulness of industrial relations work.

Problems growing out of unemployment

and labor stability will probably demand a large part of the attention of industrial relations workers in the years immediately ahead. Methods of wage determination and wage payment, and various other financial plans such as pensions, stock subscriptions, credit unions, etc., will come under consideration. In meeting these present and future problems industrial relations managers will benefit from the sound philosophy under which, in the more enlightened companies, the personnel policy is viewed as an integrated whole. By Edward S. Cowdick. *Industrial Relations*, September, 1931, p. 276:3.

Industry's Obligation to the Unemployed

The President, Geometric Tool Company describes a plan, actually in practice, for determining who are the stable workers in a plant, and for obtaining actuarial data as a basis for a reserve to tide them over times of depression. By James W. Hook. *Mechanical Engineering*, October, 1931, p. 707:7.

Guaranteed Time in the Stock Yards

The complex factors with which the meat-packing industry has to wrestle in trying to steady production and employment, how the plan of guaranteed time was evolved, what it means in business and in

human terms to management, to workers, to the community "back of the yards," is told by a Vice-President of Swift and Company. By Harold H. Swift. *The Survey* (Graphic), Nov. 1, 1931, p. 121:6.

Unemployment Prevention, Compensation and Relief

A bibliography on company, trade union and public programs. *Industrial Relations Section, Princeton University*, Sept., 1931. 31 pp. Supplement, Nov., 1931. 3 pp.

Anticipating Obsolescence—A New Demand on Production Men

How can we avoid a recurrence of the bad features of this depression? Can anything be done to soften the next blow? The Secretary and Treasurer, Arthur G. McKee & Co., believes that much can be done if only we look the situation squarely in the face and make our plans properly. We must so combine the technologist and economist viewpoints and analyses that we can avoid extravagance leading to overproduction, and avoid the worst consequences of obsolescence of both machines and men. Efficiency, rather than productivity, must be the new watchword. And flexibility must lend a powerful hand. By R. E. Baker. *The Iron Age*, Oct. 22, 1931, p. 1043:4.

Employment: Classification, Selection, Tests, Turnover

The Cost of Hiring

From a financial standpoint, the employer's costs on account of labor turnover may be summarized as follows: the clerical cost incident to hiring and firing; the cost involved in the instruction of new employees by foremen and assistants; increased breakage and wear and tear of machinery and equipment by new workers; reduced rate of production inevitably resulting from the employment of new workers who must learn the methods and processes of a new job; and increased quantity of spoiled work by new employees. A suggested outline indicates a good procedure in estimating such

costs. *Industrial Relations*, September, 1931, p. 282:3.

What Is Skill Worth?

For two years executives of the American Rolling Mill Company co-operated in a study of wage payment procedures which resulted in the adoption in October, 1931, of an hourly job classification plan designed to establish a permanent and equitable relationship between the basic wages of all types of jobs. The steps in the classification procedure are explained. By H. H. Tullis. *Factory and Industrial Management*, November, 1931, p. 623:3.

Employee Service: Hygiene, Recreation, Lunch Rooms, Stores, Safety**The Value of a Periodic Health Examination for Business Men**

In business we periodically take account of our liabilities and assets. Why should we not do the same with our health and bodily conditions—the most precious asset we have? By the periodic medical examination we may add many years to our life and increase our happiness. Dr. Otis makes one suggestion for keeping well, that is, rest. Rest, he says, is the one element in our present mode of life which we are prone to neglect. If we let the tire of one day go over to the next, chronic fatigue may be the result, which leads to lowered resistance and renders us more liable to disease. By Edward O. Otis. *Credit Executive*, October, 1931, p. 19:2.

Springfield Industries Provide Entertainment for Workers

Does your interest in your workers end with the whistle at the close of the day? Not so in Springfield, Mass., where most of the industrial companies have co-oper-

ated to promote educational, social and athletic activities among their employees. Speakers of national prominence are brought to town; baseball, soccer, basketball and other sports are encouraged; and social events, at which executives and their wives fraternize with the employees, combine to develop *esprit de corps*. This article tells how the Springfield programs are organized and how they work out. By J. W. Marshall. *The Iron Age*, Oct. 29, 1931, p. 1105:3.

Psychology and Safety

A discussion of the application of psychological principles and methods to the problems of human relations in industry considers: 1. The Importance of Human Motivation to Efficiency and Safety; 2. The Source of Body Mechanism of Motivation; 3. The Factors of Motivation; 4. The Control of Motivation. By J. A. Melrose. *Abstract of series of lectures before the Nineteenth Annual Safety Congress*, 1930. 32 pages.

Benefit Systems and Incentives: Pensions, Profit Sharing, Suggestions, Vacations, Stock Ownership, Wage Plans

For Unemployment Insurance see Insurance Section

The Foundation of Business Stability

A description of a plan of profit-sharing in which "the workers' share of the profits is funded and safeguarded to make provision for the future in exactly the same way in which the surplus profits of great corporations are built up into reserves calculated to meet all the vicissitudes and weather all the reverses which human foresight can provide against."

A profit-sharing plan, based on actuarial principles, providing the soundest facilities obtainable to enable the employee on his own initiative, within his means, and in co-operation with his employer, not only to provide a subsistence income for himself and dependents in event of his becom-

ing temporarily or permanently disabled, on reaching old age, or in event of death, but also to enable him to accumulate a competence by the investment of his savings and the influence of compound interest, supplemented by credits from the profits of the business in which he is engaged, in an amount sufficient to assure him a comfortable life identifies the interests of the employee with those of the employer; it will place the three chief elements of the business triangle—production, distribution and consumption—in equilibrium for the first time; it will create a favorable attitude of mind on the part of the employee towards his employer, his job, and his prospects in life. A favorable attitude

of mind, based on a sound economic growth of the employee and knowledge that he is protected now and may entertain a justified hope that ultimately he can attain financial security largely by his own efforts, increases his efficiency; and increased efficiency based on a favorable attitude of mind reduces costs of production and increased profits. By John R. Hall. *Address delivered before the 18th Annual National Business Conference at Babson Park, Mass., Sept. 12, 1931.* 13 pages.

Toward a More Rational Retirement Plan

A suggestion for a pension plan the yearly earned unit of which would be enough to live on for a month or two, say half pay for two months for each year of service, provided the employee lives, rather than the usual unit of pension earned in one

year. Having fixed the subsistence rate at, say, 60, 50 or 40 per cent of salary, the period can be made any desired fraction of length of service.

Suppose the rate is 50 per cent and the yearly unit is two months for each year, or one-sixth the period of service. If at retirement a man had served thirty years, he would be entitled to draw half pay for five years. This plan would make a man's old-age support easier to attain. It defines the employer's part of the problem, at the same time eliminating the undesirable paternalistic flavor so many plans have. The employee assumes the smaller part remaining after the employer's part ceases. Such responsibility is necessary if he is expected to become intelligent on the subject. By Henry R. Corbett. *Journal of Business of the University of Chicago*, October, 1931, p. 407:7.

Shop Methods: Industrial Engineering, Standardization, Waste, Rate Setting, Time and Motion Study

Unified Production Methods

Nothing can take the place of standard methods of handling manufacture to make a business yield a profit. A unified code of standards for simplified superintendence of production, enveloping control of raw material, finished product, inventories and budgeting, now in operation at the Mergenthaler Linotype Company is explained in the first two of a series of articles. Illustrative charts of stockroom, production and material control are given as well as various other charts used in the production schedule. By James J. Phalen. *Factory and Industrial Management*, October, 1931, p. 485:3; November, 1931, p. 644:3.

Output Regularized Despite Fluctuating Demands

Many manufacturers are faced with the problem of maintaining continuous operations on products for which there is only an intermittent or seasonal demand. To avoid the necessity of sharp fluctuations in plant activity to meet an uneven outflow of its products, the Diamond Chain & Mfg.

Co. has devised a production control system that aims to regularize output. Sales, production and purchasing departments co-ordinate in preparing advance schedules that will take care of anticipated business without undue danger of overstocking or understocking. The plan has enabled the company to reduce production costs, improve the quality of its products and insure prompt deliveries to customers. By G. E. Schlott. *The Iron Age*, Nov. 12, 1931, p. 1223:6.

Conveying Equipment Reduces Floor Space and Costs in Old Plant

Reduction of floor space to one-third its former size and a marked lowering of production costs are results of modernizing a foundry of the Westinghouse Electric & Manufacturing Company. The principal changes were the installation of three conveyor lines for continuous molding and pouring, and a sand handling system. The equipment was put in without making building alterations. By F. L. Prentiss. *The Iron Age*, Nov. 19, 1931, p. 1286:5.

Stabilizing the Packing of Dates

Because of the nature of the product and the short consumer buying season, the packers of Dromedary Dates formerly found it necessary to increase their working force 600 per cent during four months each year. The President of the Hills Brothers

Company recounts here how production and employment stabilization was effected through improved storage methods, the introduction of supplementary products and intensive efforts to extend the buying season. By Lucius R. Eastman. *Executives Service Bulletin*, October, 1931, p. 5:2.

Research and Experiment

Infra-Red and Subnormal

Scientific research nowadays is careful to emphasize the practical application of its boldest and seemingly most academic adventures. Photography in the dark has been demonstrated in the laboratories of the Eastman Kodak Company. The pictures are taken by the invisible infra-red rays, which are permitted to flood an unilluminated space and impinge upon a supersensitive camera plate. The photographs obtained at Rochester are clearer than many a flashlight picture. The practical applications of the newest result of scientific research include: the taking of automatic pictures of burglars without their knowledge, of great usefulness to the

police in identifying criminals; the photographing of animal life at night; usefulness in psychic research. Imagination might lead us to conjecture many other practical applications of photography in the dark. Editorial, *The New York Times*, Oct. 9, 1931.

1,000 Research Men Push Standard Oil Co. of N. J. Ahead

The story of a company in which close to a thousand scientists, technologists and others are engaged in a broad and highly co-ordinated program of scientific research. By E. B. Lyman. *Forbes*, Nov. 15, 1931, p. 12:3.

MARKETING MANAGEMENT

Cutting the High Cost of Unproductive Calls

Seven methods that have proved helpful in reducing this item of sales expense are: 1. Cut down the general prospect list; 2. Ask prospects to eliminate themselves; 3. The telephone tie-up; 4. Get more information in advance; 5. Approach training; 6. Work salesmen by trades or groups; 7. Making conclusion calls. Each is discussed. By Roy Dickinson. *Printers' Ink*, Oct. 22, 1931, p. 41:4.

Are Your Products Dressed Right?

Products which have long presented frozen faces to the world are now yielding to the art of make-up. Appearance is the

new watchword, for manufacturers are finding that more pleasing design means more pleasing sales curves. Some examples of products in which the desirable delicate balance between change and novelty in package design has been achieved, in which "change" has not been considered an end in itself, are given. By Raymond Willoughby. *Nation's Business*, November, 1931, p. 37:5.

A Basis for Establishing Industrial Sales Territories

To provide as simple and direct guide as possible to the major marketing indices for industrial goods so that these can be used by different market research interests, the Industrial Marketing Section of the United States Department of Com-

merce has assembled statistics to be used as a basis for establishing industrial sales territories in the United States in a series of seven tables. Table I shows the number of manufacturing establishments, by counties in 1929; Table 2 presents the number of wage earners employed by manufacturing establishments, by counties in 1929; Table 3 shows the wages paid in manufacturing establishments, by counties, 1929; Table 4 shows the cost of materials, containers, fuel and purchase of electric energy consumed by manufacturing establishments, by counties, 1929; Table 5 presents the value of manufactured products, by

counties, 1929; Table 6 shows the value added by manufacture, by counties, 1929; and Table 7 presents the rated capacity of power equipment reported by manufacturing establishments, by counties, 1929.

The statistics emphasize the concentration of the industrial market by grouping the various counties of the United States into quarters, according to their rank of importance in each separate factor. The series of tables is an important contribution to industrial marketing data. *Industrial Marketing Section, Merchandising Research Division, Department of Commerce, Washington, D. C.*

Sales Promotion: Letters, House Organs, Advertising

Plans that Revive Inactive Accounts and Increase Sales to Old Customers

The experience of the majority of the firms reported upon has been that the most important step in bringing back a lost account is to ascertain, by means of careful research, what caused the customer to stop buying in the first place. With this information at hand the problem then becomes one of common sense selling backed up by an unprejudiced state of mind on the part of the firm.

The policy of having the salesman bridge the gap and get the customer back on the active list is one that finds the greatest favor among concerns in various lines of business. This is supplemented in many instances by having sales executives from the home office and key field executives work with the sales force where the problem of reviving the customer presents unusual difficulties. In one instance, the president of a concern found it advantageous to contact disgruntled buyers.

By devising and using material that enables them to keep closely in touch with their customers, a large number of concerns have been able to reduce, materially, their loss of old customers. Such effort is reported to work to the best advantage when care is taken to tie it up closely with salesmen's activities so as to help

them do a better selling job. Campaigns which extend over a period of time are reported to be the most profitable.

Closer contact and more extended cooperation with customers are the factors underlying the experience of many concerns in increasing sales to old customers. Where liberal policies of cooperation in helping dealers to increase their sales have been in operation marked increases in sales have resulted. Reports also show that plans which enable the manufacturer to secure greater effort from retail salespeople in order to increase volume of business have paid satisfactory dividends. *Report No. 358, Dartnell Corporation. 24 pages.*

Pontiac's Dealer-Profit Brings Campaign Sensational Results

In a year in which the motor industry as a whole has had harder pickings than in 1930, Oakland Motor Car Company has reported a sales gain of 7,828 Pontiac cars as against the same months of 1930, in the face of a decline in the total public purchases of new cars. Retail dealers in this Company's products increased their net profits in the year ended August 30, 1931, five million dollars over the previous year. This has been declared due in large part to one of the most striking and currently significant operations in business today.

Through the Motor Accounting Company, a uniform accounting system has been developed and placed at the disposal of General Motors dealers. A dealer who uses this service pays \$15 a day to have his books audited by the Accounting Company, at first monthly, then quarterly. General Motors pays the balance of the cost. A forecast service analyzes the dealer's figures in such a way as to show exactly where he will stand a few months hence, if current trends in his operations continue. Frequently it is a very effective storm-warning when, on the surface, the future appears rosy.

From dealers who are cooperating under these new methods, General Motors divisions which have undertaken this type of work receive monthly financial and operating statements.

The Accounting Company's centralized

knowledge of the records of thousands of dealers made it possible to develop averages for each item of expense and profit. Beginning a year ago the Oakland-Pontiac organization carried the matter a step further by determining reasonable standards for dealer operations of different sizes and in different localities.

Once all the various standards for a dealer are set, his reports, as they come in each month, are analyzed in terms of these standards. In the report that is sent to him, any item which is on the wrong side of the standard is circled in red, to call his attention to it.

As for the Oakland Motor Car Company itself, its reliance on dealers' profits to build factory volume instead of on dealers' volume to build factory profits seems already to have borne fruit. By Chapin Hoskins. *Forbes*, Nov. 1, 1931, p. 16:3.

Salesmen: Selection, Training, Compensation

Rating Scale for Salesmen

The Williams Oil-O-Matic Heating Corporation has found its salesman's rating scale a valuable gauge by which sales ability and qualifications can be reckoned. It helps the men ferret out their own weaknesses. The scale is broken down into the following outstanding characteristics on which the subject is marked: good sales personality, skill in arousing interest, skill in explaining Oil-O-Matic, skill in giving a sales talk, skill in meeting objections, skill in closing, skill in developing prospects. By C. U. Williams. *The Red Barrel*, Oct. 15, 1931, p. 9:2.

Controlling Sales Expenses in Time of Depression

The Bussmann Manufacturing Company's system provides in general that the salesman itemize all his expenses while on the road and that these shall not exceed a certain standardized limit. The limit is by no means arbitrary but has been set after a long study of expense accounts and

a careful observation of what is a reasonable and proper outlay in various sizes of towns.

Each salesman must render a properly itemized account of his week's expenditures; it must be mailed no later than Saturday night of each week, so as to reach headquarters Monday morning. The return has to be made on a form which calls for all the data desired. An explanation of how these expense accounts are made up is given. By R. W. Clarke. *Printers' Ink*, Nov. 5, 1931, p. 60:3.

Compensation for Specialty Sales

Specialty Selling is intensive work requiring the possession and exercise to a high degree of alertness, initiative, resourcefulness, courage and determination. Three methods of compensation generally favored by merchants in promoting their sales of major items and specialties in or from their stores are considered by the General Sales Manager, Marshall-Wells Co.: 1. A standard weekly or monthly wage plus a

commission on outside sales; 2. A standard weekly or monthly wage based on a sales quota plus a specified amount as a bonus for the sale of each specialty item; 3. Straight commission. The practical application of the second method is described

and illustrated and important considerations to be observed in connection with the payment of bonus allowances incidental to it are listed. By Tom Jones Meek. *The Hardware Business Monthly*, October, 1931, p. 14:2.

Benefit Systems and Incentives: *Bonus Plans, Vacations.*

Something New in Bonus Plans

The merit plan of the Crown Drug Company represents 500 sales people. Quotas are set monthly for each clerk on the basis of an amount fifteen times that of the monthly salary, as a general plan, although there are some exceptions. Quotas must be reached before it is possible for any employee to participate in the rewards of the merit plan. For every \$100 total he sells above his quota the sales person receives

one merit. Merits are worth \$1. There is also a special monthly reward of \$5 to the high merit man of the organization. Demerits are given for irregularities in punctuality, cash register readings, etc. A master sheet is used for keeping the daily record of accomplishment of the individual. This plan of bonus payment has resulted in large increases in sales. Details of the administration of the plan are given. By C. M. Watkins. *Chain Store Age*, October, 1931, p. 35:4.

Retailing

Retail Head Gives Coordination Plan

Closer linking, under the auspices of one central body, of trade associations to foster the development of more scientific marketing and production procedure, mutual forward planning, increased use of specifications and standards for merchandise and joint discussion between producer and retailer before a trade problem becomes a widespread evil were recently cited by D. F. Kelly, president of the National Retail Dry Goods Association, as vital elements in obtaining coordination between manufacturer and retailer. *The New York Times*, September 20, 1931, p. 16N.

Five Main Sources of Strength for the Chain Store

Trends denoting future growth based on past experiences, as seen by the Vice President, Kroger Grocery & Baking Co.: 1. The chain store becoming a more social institution than in the past; 2. More scientific location of store units; 3. "Perfecting the technique of organization"—the organi-

zation of men and methods with a permanently satisfactory profit-making machine; 4. Diversification and specialization; 5. The growing coordination of consumption and production through the medium of the chain. By Alvin E. Dodd. *Printers' Ink*, Nov. 5, 1931, p. 17:4.

Dobbs Fifth Avenue—A Story with a Moral

To confuse the issue by attempting to make a demonstration store produce a profit on side lines is to court disaster. The original Fifth Avenue store accomplished its purpose, but the side lines were its undoing. By Herschel Deutsch. *Advertising & Selling*, August 5, 1931, p. 21:3.

Operating Results of Shoe Chains in 1929

According to the experiences of the 53 firms operating 1,361 stores whose figures formed the basis for this bulletin and whose operations included about 20 per cent of

the total chain shoe business of the United States, shoe chains in 1929 typically earned a gross margin of 33.6 per cent of net sales, spent 32.8 per cent of net sales as operating expenses including interest, and kept as net profit from merchandising operations 0.8 per cent of net sales. Before charging interest on capital owned and after crediting net income from miscellaneous sources, these same firms typically earned as net gain or net business profit 2.4 per cent on net sales and 9.0 per cent on net worth. About three-fifths of the 53 firms showed a net profit after charging interest, and about four-fifths a net business profit. More detailed operating listed in nine classifications such as price of shoes, volume of sales, number of stores in chain, rate of net profit,

etc., are discussed and illustrated by tables. By Carl N. Schmalz. *Bulletin No. 86. Graduate School of Business Administration, Harvard University.* October, 1931, 39 pages.

Fashion Training in Thirteen New York Stores

The status of fashion training in this period of depression is presented in this article. The author also points out the specific weaknesses in much of the current training and gives a teaching outline as a step towards improving the situation. By Hazel B. Strahan. *Journal of Retailing*, July, 1931, p. 56:4.

Wholesaling

Some Suggestions for Use of Census of Distribution by Wholesalers Compiled

1. Check salesmen's performances by using the Retail Census to budget territories in advance; 2. Discover related lines which might increase sales; 3. Prevent overstocking of goods; 4. Reduce costs by restricting territory; 5. Study expenses; 6. Determine the most desirable credit policy; 7. Invade new territory wisely; 8. If you propose to add desirable new accounts;

9. Appraise the strength of other types of wholesaler; 10. If you sell to contractors, use the new census of the construction industry to great advantage; 11. If you sell to hotels, use the Hotels Census, which contains a wealth of valuable data, now available for the first time; 12. Study the Census of Manufactures and learn whether or not there are located in your own vicinity desirable producers of your lines of goods. *Domestic Commerce*, Nov. 10, 1931, p. 149:2.

Books Received

The Support of the Aged: A Review of Conditions and Proposals. National Industrial Conference Board, Inc., New York, 1931. 65 pages.

Waste Materials Dictionary. Prepared by the Elimination of Waste Committee. American Society of Mechanical Engineers, New York, 1931. 54 pages. 50¢.

State and Local Taxation of Business Corporations. National Industrial Conference Board, Inc., New York, 1931. 177 pages. \$2.50.

Wages in the United States, 1914-1930. National Industrial Conference Board, Inc., New York, 1931. 226 pages. \$3.00.

Problems of Teaching Bookkeeping. By Paul S. Lomax and Peter L. Agnew. Prentice-Hall, New York, 1930. 263 pages. \$1.25.

Progress and Poverty. By Henry George. Robert Schalkenbach Foundation, New York, 1929. 571 pages. \$1.00.

A Picture of World Economic Conditions at the Beginning of 1931. National Industrial Conference Board, Inc., New York, 1931. 350 pages. \$3.00.

Budgetary Control in Manufacturing Industry. National Industrial Conference Board, Inc., New York, 1931. 180 pages. \$3.00.

Distribution in the United States. Domestic Distribution Department, Chamber of Commerce of U. S., Washington, D. C. 90 pages. 25¢.

Occupational Interests and Personality Requirements of Women in Business and the Professions. Vol. III, No. 3. By Grace E. Manson. University of Michigan, Ann Arbor, Mich., 1931. Pages 281-409. \$1.00.

Old Age Dependency in Connecticut. Report of the Manufacturers' Association of Connecticut, Inc., 1931. 180 pages.

The Buyer's Manual. By Merchandise Managers' Division of the National Retail Dry Goods Association, New York, 1930. 265 pages. \$2.00.

The Magazine Article. By Robert P. Crawford. McGraw-Hill Book Co., New York, 1931. 340 pages. \$3.00.

Cost of Government in the United States, 1928-1929. National Industrial Conference Board, New York, 1931. 159 pages. \$3.00.

The Life of Henry George. By Henry George, Jr. Doubleday, Doran & Co., Garden City, N. Y., 1930. 611 pages.

Encyclopaedia of the Social Sciences. Vol. 3. Editor-in-Chief: Edwin R. A. Seligman. Associate Editor: Alvin Johnson. Macmillan, New York, 1930. 681 pages.

A Picture of World Economic Conditions in the Early Fall of 1930. National Industrial Conference Board, Inc., New York, 1930. 249 pages. \$2.50.

Instalment Credit in the Retail Furniture Trade. By Harry W. Cordell. Ohio State University Press, Columbus, Ohio, 1930. 154 pages. 50¢.

Survey of Books for Executives

Handbook of Business Administration. W. J. Donald, Editor-in-Chief. Published for American Management Association, by McGraw-Hill Book Company, New York, 1931 (first edition). 1753 pages. \$7.00.

The preparation of a handbook of business administration was a monumental task. The problem of selectivity from the mass of published material available required a critical analysis of the whole field, and a fine discrimination of the fundamental importance of its elements. Mr. Donald, his staff, and his advisers out of business and industry, have overcome this difficulty in a manner worthy of highest commendation. It is apparent that the authors of the contributions to this compilation are not only well grounded in the fundamental principles of business administration, but in the special subjects which they cover speak out of their own thorough-going experience. Without exception, their treatment of specific subjects challenges respect.

The editorial policy has combined the contributions of many into a constructive

whole, which, in appropriate sequence, gives authenticity to each major subject. The structure is interesting in that the text plunges immediately into the subject of marketing which, from a superficial view, might seem beginning at the wrong end. This beginning, however, places great and appropriate emphasis on the ultimate in the objective of all industrial enterprise, consumer demand. Passing from distribution, in appropriate sequence, through finance, production, office management, personnel management, the Handbook reaches a fitting climax in treating thoroughly the fundamentals of general management.

Perhaps a person's background and interest cause him to detect a trend which does not exist in the pages of this book, but there is great cause for gratification to discover throughout all the sections of the Handbook, the emphasis placed on human problems, not only in employer-employee relation, but with consumer, public, and owners. No manual of this character prepared even two decades ago would so emphasize the elements of human relation-

ships. It could not be without design that the editors devoted the longest section in the book to Personnel Management.

This Handbook should appeal to all individuals interested in the future progress of business and industry. Every conceivable subject coming within the purview of the responsibilities of business executives, staff, supervisors, and even foremen, is covered, and a comprehensive index makes instant reference possible. While a thorough reading of this comprehensive compendium can be recommended without reserve, it is appreciated that this would be a large task for the busy executive. As a reference book to be used in quickly checking the development of new policies and the maintenance of old, operating methods, personnel practices, and the multitudinous activities of management, this Handbook, it can be frankly stated, is almost indispensable.

R. I. REES, *Assistant Vice-President,*
American Telephone and Telegraph
Company

Industrial Engineering and Management.

By Ralph M. Barnes. McGraw-Hill Book Co., New York, 1931. 366 pages. \$3.50.

The title of this book would class it with that group of general treatises started by Dean Kimball, Col. Diemer and followed by many others. Upon looking at the contents, however, we find that its scope is more limited than usual. In the preface the author explains why he has avoided most of the personnel field, but he is silent as to his omission of production control. Perhaps he considers his chapter on the Point System as adequately covering that phase, but it does not seem adequate to us and this omission leaves the book restricted to a rather peculiar choice of subjects which certainly do not justify the broad title. So far as we are concerned, we only regret the misleading title and commend the practice of restricting the scope. Such restriction avoids treating phases somewhat outside an author's own field and allows room for more detailed treatment of those within his experience.

Part I, comprising less than one-third of the whole book, deals with industrial plant design and equipment. We consider this part definitely valuable. In as much as there are few separate texts on such subjects as selection of equipment, plant layout materials handling and industrial lighting, we believe that Part I will be of value both in the classroom and in the factory.

Part II, occupying a little more than one-third of the book, deals with job standardization, wages and costs. Here we are perplexed to appraise the material justly. The author has chosen to string together long quotations which, while excellent in themselves, do not give either a complete or well-balanced treatment of the subjects. There is little repetition, but the author has not succeeded in introducing the quotations with the principles and supporting material which is needed. As a result there is a dearth of principles side by side with a considerable wealth of case material. We regret this particularly as we feel that the sole need for new books in this field is that the true principles of industrial engineering have never been too well presented except in specialized books and papers, and that in consequence typical factory practice has stumbled along at a level far below the best that is known.

To illustrate our contention by a few specific citations: In the chapter on Materials Handling, the author has given the formula which includes a very serious mistake. He is not altogether to blame for this, as the correction made several years ago and accepted by the originator of the formula, has never been published except in two places easily overlooked. In the chapter on Stop Watch Time Study, the author defends the snap-back procedure and gives an illustration of a board with two watches to expedite this procedure. We believe that the whole snap-back method is poor practice except perhaps for very unusual cases and that the use of more than one watch for any reason whatsoever, is an obstacle to the free observation of the analyst. In this same chapter the au-

thor attempts to define what he calls a "fundamental element." The term is ambiguous and the definition is far from tight. It does not truly fit the illustrations he gives of it, and is inconsistent with terminology given later under the heading "Motion Picture Camera and Micro-Motion Study." A more correct nomenclature and set of definitions has come into general use with the wide acceptance of Management's Handbook, and it seems unfortunate that an author should go back to earlier confusion. Again in this same portion of the book, the author states that "there is little to be said in favor of the method of selecting minimum time as the base." If he is merely reflecting majority practice his statement is at least understandable, but from every consideration of principle, his position is wholly wrong. Worst of all, the author describes what he calls "Motion Picture Method of Rating," in which he describes an experimental projector which has been made with a variable speed motor for the purpose of speeding up a job film in order to illustrate faster work. Faster work does not come this way, in fact this whole idea is inconceivable to those who accept the Taylor-Gilbreth principles of improving work methods. All industrial engineers should throw their influence against any attempt merely to drive a worker in order to get more speed. It seems unnecessary to point out that the real desire should be to improve the motions so that the resulting time will be lower, not with more effort but with less. In other words, one should never expect to increase the speed of an unsatisfactory set of motions. We cannot condemn this false practice too severely.

On the question of wages the author has made a fairly simple presentation by avoiding all technicalities but has left much to be desired and has certainly not added a great deal to what almost everyone knows. No doubt the Point Plan meets with much interest today, but we see no reason why it should be given 25 pages in so brief a treatment of either wages or control.

On the subject of costs the author seems

to give more of his own thinking, and this is splendid, although even here there are some long quotations and examples.

Part II is followed by 70 pages of Appendices, including topics of: lot sizes, depreciation data, design of printed forms and bibliography. These vary from a brief example, as in the case of depreciation, to a digest of another recent book, as in the case of lot sizes, but the few pages of design of printed forms are the author's own material, and make a worth-while contribution.

To those who have not kept up with recent professional papers the book will bring some new and outstanding material. Executives who have kept in touch with this literature are likely to feel that, except for the 122 pages of Part I, there is little in this book besides long quotations and practically no leadership in the way of better principles. The undergraduate student may find real value in the book if the courses in which it is used are made to fit the scope and if more in the way of best principles are put into lectures.

CHARLES W. LYTLE,

*Director of Industrial Cooperation,
New York University.*

The Model Stock Plan. By Edward A. Filene. McGraw-Hill Book Co., New York, 1930. 253 pages. \$2.50.

The author makes a generous promise at the start—he says he will show us how to strengthen our business and increase its total profits by applying the principles that made Ford and Woolworth so extraordinarily successful. There's bound to be a lure for any merchant in such a promise! But even the dazzling names of Ford and Woolworth would not carry the argument and furnish the necessary proof for the theories expounded in this book of some 250 pages, if these theories were not exemplified today in the successful business with which Mr. Filene's name is connected. This book traces, step by step, the Filene operation of the model stock plan. The author has been painstaking in his exposition of the plan. There are, to be sure,

large promises in the book! There is the zeal of a prophet and a reformer in this work—but there are no glittering generalities. Any merchant willing to take the first step in the plan can follow through to the last, using this book as his guide.

The first step—there's the challenge! Mr. Filene warns that putting in The Model Stock Plan requires courage and unshakable conviction in its power to make greater profits. Any merchant who is willing to pin his faith and swing his business on three (and only three) full line prices, can, Mr. Filene assures us, get more trade and make bigger profits. The book explains why three prices, with full lines at all times in each, are better than multiple price lines. It explains how to establish the three prices and how to keep them up.

The Three Full-Line Prices are: the cheapest full-line price; the best selling full-line price; the highest full-line price. The average producer makes no consistent effort to avoid an indefinite number of variations in price. The average buyer is prone to follow this dizzying lead. This is exactly the opposite of the Ford and Woolworth policies. It takes careful analysis on the merchant's part to decide what are the three best prices in any department. The successful merchant today knows that he must substitute facts for opinions. He will use his statistical records to discover which are his three best selling prices. Certainly every merchant will go along with Mr. Filene this far: he will admit that he has not yet discovered how he can keep complete stocks covering the whole price range from the highest to the lowest and at the same time turn such stocks often enough to earn an adequate total profit. We can hear heartfelt groans of assent. Mr. Filene says the answer is only to be found in operating on the three-full-line-price plan.

The model stock plan is a great simplifier. But it is not quite so simple as it looks. It has ramifications, and any one who honestly wishes to understand it will give some study to the author's presenta-

tion of "The Best Buy" and the "More Profit" items. The author's discussion of what makes a Best Buy and what makes a More Profit Item (B B and M P as he calls them) is well worth the price of the volume and whether one is converted to the three-full-price lines or not, he can profitably introduce the B B and M P plan into his merchandising. "Ideas make the M P; intrinsic value make the B B." But pages 40 to 52 are worth studying. We recommend them heartily. How Woolworth has secured more style, more variety and more intrinsic values to retail at its two famous prices, we all know. Mr. Filene says the department store or specialty store can do likewise.

The de luxe department and the basement are exempt from the three full line price idea, the author explains. But even with those exceptions, he says, 85 per cent of the total sales volume of the store is in the three full line prices.

The plan is convincingly explained. Mr. Filene shows that the merchant can better satisfy his customers with *full stocks* at the three best selling prices than he can with scattered or incomplete stocks at a wide range of prices. He admits that a long survey of the buying community must precede the launching of the plan. He warns against going in for the Model Stock plan half-cocked. He proves that the merchant who consistently concentrates on three prices in full stocks can get better co-operation from the manufacturer—and that means more B B's and M P's in the merchant's stocks—which, in turn means better turn over and more profit. The author shows that the model stock plan eliminates waste. Finally, he particularly recommends this plan for store groups. If the individual store benefits by the model stock plan, these benefits are multiplied in the group. If member stores can once settle among themselves upon three prices ("factually determined prices"), they are all set for more business and bigger profits, beyond a doubt.

IRWIN D. WOLF, *Secretary,*
Kaufmann Department Stores, Inc.

Onward Industry! By James D. Mooney and Alan C. Reiley. Harper & Bros., New York, 1931. 564 pages. \$6.00.

A most remarkable and thorough analysis of the development of organization principles in "Onward Industry" is furnished.

The interpretation by the authors of the various types of governmental control, starting from the most ancient practices, and so on down through to the present, indicates on the part of the authors not only a most comprehensive grasp of history, but also a remarkable ability to recognize and bring out the trends of organized governmental procedure as indicated by their comparisons of one type with another and the likening of these various types to the development of industrial procedure.

Likewise have the authors developed the trend of organization from olden times in military practices and in the practices of the Catholic and Protestant Churches.

It is indeed interesting to read of many parallels to present-day business conditions in the development of older practices in various branches of activity analyzed.

The book is largely historical, and traces with great care the development of organization procedure in these three main branches of activity, namely, governmental, religious and military. To a lesser degree the development of organization in industry itself is traced, although not to as painstaking a degree as in the three main activities.

The authors have chosen to use the term "Scalar" organization as indicating the more or less common type of organization set-up which we now know in industry, and have compared the development of organization procedure in government, church and military activities to the "Scalar" type of organization. This term "Scalar" is interpreted by the authors to mean the gradation of duties rather than the gradation of functions.

The authors trace with great care the difference between line and staff duties throughout all the activities covered by their discussion. In this respect it is in-

teresting to note that line and staff constitute much of the important part of even the ancient organizations of government, church and military, as well as in industry itself. But repeated definition of staff duties as related to line duties shows a great deal of study on this feature.

"Onward Industry" might be classed as a book of great value to anyone interested in organization who will take the time to study the past development of organization principles and practices. It must be admitted that the book is primarily one for a real student of the development of organization. It could not be classed as an inspirational book unless we might regard as inspiring the knowledge that definite organization procedure is a real development and not a present-day original thought or fad. Most certainly the authors have proved conclusively that the principles of effective organization found root many centuries ago and have been in a state of development ever since. In Chapter 31 the authors depart a little from the tracing of organization procedure and discuss matters quite apart from organization, particularly in respect to the relation of American Industry to world conditions.

It is also noted that the authors are of the very distinct opinion that large industrial units are the most effective, particularly those who have carried out the principles of organization which they believe to be the basis of success for any institution, no matter to what size it may grow. It is possible that any determinations as to the success of very large industrial institutions is largely a matter for the future to decide rather than any apparent present results.

Even though "Onward Industry" is not a book of the inspirational nature that its title might indicate, it is a most valuable and interesting presentment of the inception and growth of organized procedure, a book well worth the perusal of anyone who will take the time to read it. It is truly a cultural contribution.

J. P. JORDAN, Partner,
Stevenson, Jordan & Harrison.

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